



Office of Inspector General
U.S. Department of State
and the
Broadcasting Board of Governors

MONTHLY REPORT OF **ACTIVITIES**

audits, inspections, testimony, and special activities

June 2000

This report describes testimony provided by the Inspector General or other OIG officials and lists OIG reports issued during the period indicated. This report includes unclassified summaries of classified reports; all text in this report is unclassified. Classified reports are not distributed publicly. On occasion, OIG distributes an unclassified version of a classified report; in such a case, this listing also indicates the issued date of the original report. In addition, all major reports, together with OIG investigative activities are summarized in the Inspector General's semiannual reports to the Congress, which are publicly available every June and December.

Congressional and Outreach Activities

There is no activity to report for June.

Reports Issued by the Office of Audits

Computer Security Reviews of Paris Accounting & Disbursement System and Consolidated American Payroll Processing System (00-FM-014)

OIG performed an assessment of computer controls over the Paris Accounting and Disbursement System and the Consolidated American Payroll Processing System. This assessment was part of the annual audit of the Department of State's principal financial statements. Issues relating to computer controls were identified and appropriate actions were recommended.

Audit of U.S. Department of State 1999 and 1998 Principal Financial Statements (00-FM-022)

The Government Management Reform Act (GMRA) requires OIG to audit the Department's Principal Financial Statements in order to obtain reasonable assurance and express an opinion on whether the financial statements were free of material misstatements, to determine whether the Department had an internal control structure that provided reasonable assurance of achieving internal control objectives, and to determine whether the Department complied with applicable laws and regulations.

OIG issued an unqualified opinion on the Department's 1999 and 1998 Principal Financial Statements, which means the financial statements were free of material misstatements. Although an unqualified opinion was issued for the 1999 and 1998 Principal Financial Statements, the report brings to management's attention concerns with security over the domestic main frame computers and the Paris Accounting and Disbursement System; the inadequacy of internal controls over the management of unliquidated obligations; and the inadequacy of the Department's financial and accounting system, which is both an internal control weakness and an issue of noncompliance with several laws and regulations, including the Budget and Accounting Act of 1950, the Federal Managers' Financial Integrity Act, The Chief Financial Officers Act, and the Federal Financial Management Improvement Act. OIG also brings to management's attention noncompliance with GMRA, which requires agencies to prepare audited financial statements and submit them to the Office of Management and Budget by March 1 of each year.

Federal Agencies' Centralized Trial-Balance System Agreed-Upon Procedures Report
(00-FM-024)

The Department of Treasury annually prepares and submits to the President and the Congress an audited financial statement covering all executive agencies. Each agency is required to furnish certain financial and operational information to the Department of Treasury through the Federal Agencies' Centralized Trial-Balance System (FACTS). The Chief Financial Officer of the agency must compare the information submitted through FACTS with the agency financial statements and explain any differences identified.

Under OIG's direction, Leonard G. Birnbaum and Company (LGB) performed required procedures solely to assist the Department of the Treasury, the General Accounting Office, and the Office of Management and Budget to evaluate management's assertion that it compared the Summarized FACTS Data to the related information in the agency's consolidated financial statements as of and for the year ended September 30, 1999. LGB determined that there were no material differences between the FACTS data and the agency's financial statements.

Reports Issued by the Office of Inspections

No reports were issued by the Office of Inspections in June.

Reports Issued by the Office of Security and Intelligence Oversight

During this reporting period an Office of Inspector General report on Overseas Posts' Compliance with Physical Security Standards was issued.